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Chairman: Mr. AMARI (Tunisia)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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In the absence of Mr. Vilchez Asher (Nicaragua), Mr. Amari (Tunisia), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

AGENDA ITEM 119: PATTERN OF CONFERENCES (continued) (A/50/32, A/50/263 and Add.1, A/50/288 and A/50/404; A/AC.172/162)

1. Mr. VALENCIA (Ecuador), speaking on behalf of the Rio Group (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela), endorsed the recommendations of the Committee on Conferences concerning the calendar of conferences and meetings for 1996-1997.

2. While it was concerned by the underutilization of conference services, the Rio Group regarded those statistics as merely one of several parameters. Only an overall analysis could lead to appropriate decisions; for that reason, the Group supported the Committee's recommendations aimed at refining the methodology for calculating utilization factors and developing a cost-accounting system for conference services. He further emphasized that economy measures should not affect the quality of translation services.

3. With respect to the report of the Committee on Conferences (A/50/32), he said that, while the Group noted the content of paragraph 60, it believed that it would be useful to consult the subsidiary bodies concerned. It endorsed the recommendations contained in paragraphs 72 to 75 and awaited with interest the views of the Committee on the Peaceful Uses of Outer Space concerning the replacement of verbatim records by unedited transcripts. Finally, the Group was in favour of the adoption of technological innovations on the conditions stated in paragraph 86 of the report of the Committee on Conferences.

4. The Rio Group welcomed the fact that the Committee had recalled the principle of the equality of the official languages and emphasized the need for strict compliance with the resolutions and rules establishing language arrangements for the different organs of the United Nations. That meant that the necessary resources should be made available for the translation of documents into the different official languages and for their simultaneous distribution in those languages.

5. The Group wished to thank the Secretariat for the initiatives it had taken in accordance with General Assembly resolution 49/221 D to enable Member States to hold a greater number of bilateral meetings and contacts.

6. Mr. GODA (Japan) stressed the importance of conference services for the smooth operation of the policy-making bodies of the United Nations. Given the current wasteful use of resources and the critical financial situation of the United Nations, efforts should be made to pursue greater cost-effectiveness and efficiency in the planning and utilization of those services.

7. His delegation was, in principle, ready to adopt the draft calendar of conferences and meetings for 1996-1997, but wished to note that, in view of the cost of international conferences, the need for such events should be studied

before a decision was taken to convene them and before actual planning commenced.

8. With regard to the utilization of conference services, his delegation wished to point out that, for all the Main Committees of the General Assembly, including the Fifth Committee, which should serve as a model, utilization had fallen below the benchmark. It strongly supported the measures taken by the Committee on Conferences and called on all parties concerned to be more cost-conscious. The number of meetings should be reduced and the utilization of meetings services enhanced. The Secretariat should develop a cost-accounting system that would facilitate consideration of the subject.

9. While the uneven distribution of capacity utilization at the different duty stations was regrettable, the overall cost of conferences should be taken into account. As far as translation was concerned, the conclusions in paragraphs 45 and 46 of the Committee's report were excellent, but economy measures should be carefully reviewed. As for documentation, his delegation would be interested in discussing concrete ways of reducing the number of documents distributed, and hoped that that subject would be included as a priority item on the Committee's agenda. The Secretariat should make greater use of contractual services for the translation and printing of documents and adjust the number of copies to actual demand.

10. His delegation welcomed the fact that the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples had opted for summary records. It had reservations, however, about the decision of the Committee on the Peaceful Uses of Outer Space to replace its verbatim records with unedited transcripts. Since that step was unprecedented, its usefulness and cost-effectiveness should be carefully studied.

11. His delegation welcomed the introduction by the Secretariat of new technology to improve the quality of services and reduce costs. Further initiatives should be taken and the effectiveness and utilization of such technology should be monitored.

AGENDA ITEM 116: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997 (continued) (A/50/6 (Vol. I and II), A/50/7 and A/50/16)

12. Mr. ALOM (Bangladesh) said that his delegation associated itself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. In view of the financial crisis and the need to enhance the administrative efficiency of the Organization, the proposed budget adjustments appeared at first sight to be justified. They would be meaningless, however, unless, following the adoption of the budget, Member States paid their assessed contributions in full and on time. The financial crisis was due not to a budget deficit, but to arrears. In that connection, it was regrettable that funds had been borrowed from peace-keeping operations in order to offset the cash shortage at the expense of poor countries.

13. Bangladesh was, on the whole, satisfied with the proposed budget structure, but had some reservations concerning the allocation of resources. The budget

allocations did not fully reflect the priorities set out in the Medium-term Plan and approved by the General Assembly in resolutions 45/253 and 47/213. Preventive diplomacy, peace-keeping, human rights and humanitarian affairs had, for instance, received particular attention, whereas international and regional cooperation for development, although identified as priority areas, had not been allocated additional resources. While preventive diplomacy and peacemaking were cost-effective for the maintenance of international peace and security, any new initiative on the subject should await the decisions on the supplement to an "Agenda for Peace".

14. Economic development should receive first priority, since it was the guarantee of social stability. Compared with other programmes, however, the resources devoted to development programmes had been scaled down, and no adequate provision had been made for a concerted follow-up to the Plans of Action adopted at the recent international conferences and summit meetings on the environment, population, social development and women.

15. The establishment of a budget section to deal with African economic recovery and development was an excellent initiative. It was important, however, to provide the necessary resources for carrying out all priority programmes. The proposed increases in resources related primarily to three priority areas. The economic and social sector was not included, on the pretext that its reorganization would result in economies of scale. Such economies, however, would hardly suffice to meet the enormous needs of developing countries, particularly the least developed countries. Additional resources must therefore be allocated for activities for the benefit of those countries.

16. The proposed programme budget did not facilitate an assessment of the proposals for the redistribution, creation and suppression of posts. For the consideration of individual sections of the budget, the Secretariat should distribute an organizational chart of each department, with justification for its proposals. As far as human resources were concerned, it was important to restore conditions of service which would be capable of attracting and retaining competent staff. The principle of equitable geographical representation should in any event be maintained.

17. The level of resources proposed for internal oversight should not be increased at the expense of other mandated activities of the Organization.

18. Mr. SOYEJU (Nigeria) said that his delegation associated itself with the statement made by the representative of the Philippines on behalf of the Group of 77 and China. He emphasized the need to give special attention to areas of particular interest to developing countries, particularly Africa, such as protection of the environment, economic development and crime prevention. Although the resources allocated to such areas had been increased slightly, they were still inadequate. His delegation hoped, moreover, that the resources allocated to certain activities which were not regarded as priorities by the General Assembly would not be increased at the expense of other activities mandated by Member States. It called for the allocation of adequate resources to the United Nations Conference on Trade and Development (UNCTAD) and other agencies which were responsible for assisting developing countries in dealing with issues relating to trade, the environment and technology.

19. His delegation noted that the proposed budget was lower than the previous one and that the difference between the proposed budget and the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) was approximately $18 million gross. It was pleased to note that concerted efforts had been made to rationalize the programme of work, improve productivity, particularly in conference services, simplify procedures and reduce operating expenses. It also took note of the strong commitment evinced by the Secretary-General in that regard, but hoped that the reduction of the programme budget would not affect the implementation of mandated activities and that the reduction in the number of established posts would not be offset by the creation of new posts with a different nomenclature.

20. In view of the significant increase in peace-keeping activities, the Department of Peace-keeping Operations should be adequately funded. His delegation had taken note of the Secretary-General's proposals in that regard and hoped that the Department would strive to administer peace-keeping operations with a maximum of efficiency and economy.

21. Nigeria was greatly concerned about the financial situation of the Organization, which adversely affected its credibility and effectiveness. Borrowing from peace-keeping accounts was liable to delay the reimbursement of sums owed to troop-contributing countries such as Nigeria. The refusal by some Member States to pay their contributions for political reasons was contrary to the letter and spirit of the Charter of the United Nations. Nigeria called on Member States which were in arrears to pay what they owed as soon as possible.

22. Mr. WARDHANA (Indonesia) said that his delegation fully subscribed to the views expressed by the representative of the Philippines on behalf of the Group of 77 and China. It deplored the fact that a dark shadow had been cast over the commemoration of the Organization's fiftieth anniversary by a severe financial crisis, which was due primarily to the failure of some Member States, in particular a major contributor, to pay their contributions. The creation of a mission-driven and result-oriented Organization would not be possible unless Member States paid their assessed contributions in full and on time.

23. His delegation had noted the budgetary reductions and the reductions in the number of posts proposed by the Secretary-General, but it hoped that those reductions were not considered a primary goal of restructuring. It further noted that income estimates were $29.3 million higher than those approved for the period 1994-1995.

24. His delegation supported, in principle, the overall priorities set by the Secretary-General in his proposed programme budget and welcomed his efforts to minimize expenses without compromising the quality of the services provided to Member States or the execution of mandated activities. It was concerned, however, at the decrease in the resources proposed for activities important to developing countries and stressed that the reduction in the budget achieved through increased productivity should not have an adverse effect on the implementation of the activities of UNCTAD and the United Nations Industrial Development Organization (UNIDO) or any other mandated activity.

25. His delegation welcomed the measures proposed by the Secretary-General to strengthen the follow-up activities to the major international conferences and the work of the regional commissions, as well as the proposed increase of $287,000 in the resources for the Economic and Social Commission for Asia and the Pacific (ESCAP).

26. Mr. BLUKIS (Latvia) said that his delegation aligned itself with the statement made by Spain on behalf of the European Union. He welcomed the new format of part I of the proposed programme budget, but drew attention to some problems relating to both its format and its substance.

27. His delegation agreed with the views expressed by the Advisory Committee in paragraph 5 of its report (A/50/7) that part I should evolve into a self-contained document and that the narrative needed to be more specific so as to facilitate decision-making, and it supported the recommendations and observations contained in paragraphs 6 to 10 of that report.

28. Part I should contain a glossary of the terms used and an explanation of the relationship between terms such as part, section and programme budget. It would also be helpful to have graphs comparing data across two or three bienniums and diagrams showing the relationship between the data in tables 1 to 10 of part I.

29. The information contained in part I should be more specific. In particular, the headings used in the tables should be less general and the results to be achieved should be indicated in more specific terms. A brief description of the results achieved in previous bienniums would make it easier to assess the probability of achieving the goals established.

30. With regard to the cost-benefit ratio, his delegation observed that Member States sometimes bore very different costs despite similar levels of development. Annex IV to the report of the Committee on Contributions (A/50/11) showed that the ratio of the assessment of a Member State to its share of world income varied over a more than tenfold range for countries with similar per capita incomes. One consequence of that variation, which was contrary to the principle of the sovereign equality of Members, was that the same benefits might be perceived very differently by different countries.

31. Mr. SYCHOU (Belarus) welcomed the fact that delegations had been able to debate the proposed programme budget already at the session of the Committee for Programme and Coordination (CPC). The presentation of the new programme budget was an improvement on the one for the biennium 1994-1995.

32. The assignment of additional resources to a number of priority areas (political affairs, international and regional cooperation for development, human rights, humanitarian affairs and internal monitoring) was an important practical step, because the focusing of resources should make it easier to achieve the targets which had been set, while taking account of the financial situation of the United Nations.

33. Although internal monitoring was not strictly speaking a priority programme, Belarus was not opposed to allocating additional resources to the

Office of Internal Oversight Services, although it hoped that the importance of the programme would be reviewed in the light of the results achieved.

34. Belarus welcomed the fact that the budget package for the biennium 1996-1997 was 3.8 per cent lower than for the previous biennium, particularly if it was shown that the economy measures which the Secretariat had envisaged were compatible with the General Assembly's mandated activities. An effort should be made to achieve additional savings over and above the recommendations put forward by the Advisory Committee.

35. Member States had differing views on financial reform at the United Nations. However, Belarus was in favour of zero growth, pending radical reform of the apportionment of expenditure, including expenditure on peace-keeping, between Member States. The budgetary, financial and administrative reforms which had been undertaken over the previous two years could not produce immediate results. New initiatives should be taken in the meantime to make the best use of existing resources. The new proposed programme budget stressed the importance of financial management and personnel management as a means of improving the working of the Organization. Reform would not be a totally painless process, but neither should it be a source of uncertainty and uneasiness for experienced and responsible staff. It was to be hoped that the new grading system for United Nations staff would not turn into yet another bureaucratic process.

36. Belarus welcomed the fact that the Department for Economic and Social Information on Policy Analysis would be turning its attention to the countries of Central and Eastern Europe and the former Soviet republics. The Department should make a close study of the role of the market and the State in economic and social development, and examine the economic and social reforms being carried out in States in transition. Belarus was also pleased to see that a support group, whose functions were listed in section 9.8 of the proposed programme budget, had been created inside the Department for Development Support and Management Services to offer help with reconstruction and development.

37. Mr. JALOMAYO (Uganda) said that his delegation associated itself fully with the views expressed by the representative of the Philippines, on behalf of the Group of 77 and China, and the previous statements made by representatives of other developing countries. The Ugandan delegation noted that the programme budget had been set at a lower level than both the revised appropriations for the biennium 1994-1995 and the programme budget outline for the biennium 1996-1997. It was regrettable that the efficiency gains on which the savings were based had not been more clearly described. The Secretariat should provide detailed information on that matter immediately, preferably in a conference room paper. Information should also be provided on the nature and scale of the proposed reductions and their impact on key activities which had been approved by the General Assembly.

38. While savings had to be made, that should not be seen as an end in itself. Uganda had always supported measures aimed at improving efficiency and reducing costs, but on condition that they did not adversely affect the implementation of mandated activities. The best way to make savings was not by changing or delaying activities but by adopting measures such as those mentioned in

paragraph 19 of the Advisory Committee report (A/50/7), and by improving coordination within the Secretariat. The Advisory Committee report had suggested that there should be a review of activities involving a duplication of work, so that they could be eliminated. It was important to remember that, according to General Assembly resolution 41/213, which had marked the beginning of the reform process, the Secretary-General could implement recommendations for reform only if they did not adversely affect approved projects and programmes, otherwise he would be required to seek the authorization of the Assembly before proceeding. That principle remained valid. The proposed budget made no mention of the impact that the proposed reductions would have on approved programmes, nor did it describe the implications of transferring resources from one section to another. Some proposals, which would effectively alter or discontinue certain activities on the pretext that they were of little interest, were very much out of keeping with the spirit and letter of resolution 41/213.

39. Thus, Uganda endorsed the observations made by the Advisory Committee in paragraphs 19 (final sentence) and 47 of its report. Those observations equally applied to the proposals for a net reduction in the number of posts, and for the redeployment of posts. The Secretariat should provide information on the legislative mandate and programmatic justification for each redeployment, as well as its programmatic justification and impact on the programme of work, in each of the departments concerned.

40. Extrabudgetary resources were a useful, indeed indispensable, source of additional financing, but had often adversely affected the priorities and activities of the Organization. The Ugandan delegation endorsed the views on that subject expressed by the Advisory Committee in paragraph 66 of its report, and looked forward to receiving the additional information requested from the Secretariat.

41. Although it recognized the usefulness of contingency funds, the Ugandan delegation endorsed the views expressed by the Advisory Committee in paragraph 120 of its report, stating the need for a review of procedures for the use, operation and level of the funds, as stipulated in paragraph 7 of General Assembly resolution 49/217. The Secretariat should provide the information requested so that the General Assembly could take a decision on the matter when considering the proposed programme budget for the biennium 1996-1997.

42. Recalling that other Main Committees had tended in recent years to interfere in administrative and budgetary questions, thereby creating a certain amount of confusion, the Ugandan delegation urged the other Committees to adhere to the provisions of section VI of General Assembly resolution 45/248 B.

AGENDA ITEM 158: PROGRAMME PLANNING (continued) (A/49/16, A/49/301 and A/49/958; A/50/16)

43. Mr. BIRENBAUM (United States of America) said that, in common with many others, his delegation believed that the current medium-term plan format was far too elaborate. He could therefore only renew his support for the Secretary-General's proposal to replace it with a conceptual, strategic document setting policy for implementation in the programme budgets of the United Nations. As a key tool of the strategic planning process the plan would ensure that the

responsibilities of the directors of programmes were clearly defined. The departments would only have to turn to it in order to know exactly what the objectives and mandates of their activities were, and the Member States would be better able to determine what they had the right to expect from each department.

44. In order to be an effective tool, the policy document entitled "Perspectives" should reflect the evolving priorities of the United Nations. If the perspective was for four years, instead of six as at present, the plan would reflect the current thinking of Member States more accurately. The programme framework, which would set out the major programmes and subprogrammes, would take its cue from the overall perspective. By reviewing that framework every two years, in off-budget years, Member States would be able to ensure that it reflected current priorities, thereby facilitating preparation of the next biennial budget request.

45. In paragraph 91 of his report on the work of the Organization (A/50/1), the Secretary-General had stressed the need for a "performance measurement system by which programme managers [were] held accountable for achieving the strategic priorities". While welcoming that statement, his delegation considered it equally important to evaluate the results of the programmes themselves, which presupposed a more specific and tangible identification of the outputs and outcomes expected than in the prototype programme included in annex I of document A/49/301. It therefore hoped that the Secretary-General could give an assurance that the new medium-term plan would reflect that requirement.

46. The fiftieth session of the General Assembly should prove a turning point. Some programmes had been carried on for a long time for no reason; that must finally be recognized, and the limited resources at the disposal of the United Nations should be spent on high-priority activities. The new medium-term plan and the other current reforms should help to make the United Nations more effective with fewer resources.

47. Mr. ALOM (Bangladesh) said he subscribed to the considerations which had formed the basis for working out a new format for the medium-term plan, and noted with satisfaction that they reflected a new approach to planning, based upon the need to respond to demand with the necessary flexibility. However, some points were still vague, such as the arrangements and systems to be put in place, the evaluation of results and the method of evaluation of programmes, and the links between planned output and the results obtained. In principle, the objectives to be achieved and the expected results for each subprogramme over the four years of the plan would be defined by the planning framework, but that was not clear from the prototype. The relationship between the medium-term plan and the biennial budget had not been properly worked out. It was not clear how the Secretariat could consolidate the subprogrammes and reduce their total number without any impact on the activities mandated by the legislative bodies.

48. Notwithstanding those observations, his delegation was prepared to study the possibility of adopting the new format of the medium-term plan on the understanding that annexes I and II of the report of the Secretary-General were purely illustrative, that the relevant legislative mandates would be indicated in the narrative of the programme and that all the activities mandated by the legislative bodies would be reflected in the narrative of the subprogrammes.

Like the Advisory Committee, he considered that changes should be made to the Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. He requested the Secretariat to explain why some programmes would be divided between several administrative units while others would be consolidated. Lastly, before recommending that the medium-term plan and the budget outline should be merged, he hoped that the links between the two documents would be clarified.

AGENDA ITEM 120: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/49/897; A/50/11)

49. Mr. SHARP (Australia), speaking on behalf of Australia, Canada and New Zealand, stressed that while reform of the scale of assessments was necessary, it was not of itself sufficient to resolve the financial crisis brought about by the widespread failure of Member States to pay their assessed contributions in full, on time and without condition.

50. One anomaly in the current scale was the continuing over-assessment of the 22 countries that had been formerly parts of the Soviet Union, the Socialist Federal Republic of Yugoslavia and Czechoslovakia. While their assessments had been reduced, following the removal of 50 per cent of the effects of the scheme of limits in the current scale, they were still too high and only the full removal of the scheme could bring them down to a level which more closely reflected their capacity to pay.

51. Another anomaly of the current scale was the application of the floor rate, which imposed an excessive demand on small Member States. Annex IV of the report of the Committee on Contributions demonstrated that the assessment of some of those countries was 30 times greater then their share of world income. In paragraph 35 of its report, the Committee argued that that anomaly could be rectified in part by lowering the floor. The Australian, Canadian and New Zealand delegations would go further and propose that the floor should be abolished.

52. National income was the only element in the current methodology that could reasonably be considered a transparent and equitable measure of capacity to pay. The other elements which had been introduced over the years had generally tended to produce distortions. That was the case with the adjustment for debt burden. He, in common with several members of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay, was in favour of its elimination, provided there was an opportunity for countries to demonstrate that they had made substantial net repayments.

53. Mitigation, which obliged the Committee, a technical advisory body, to engage in a form of political horse-trading, also had no place in a methodology to determine the capacity to pay of Member States. It was in order to avoid anomalies that the Preparatory Commission of the United Nations had decided that assessments should take into account income per head of population. Unfortunately, because of the subsequent over-emphasis on that factor, that decision had produced the opposite effect.

54. The ceiling envisaged by the Preparatory Commission in 1945 had been intended to maintain a relationship between a nation's contributions and its capacity to pay. As it stood today, the ceiling conferred on the wealthiest Member State a considerable advantage, some 550 points, which had to be subsidized by other Member States.

55. He noted with satisfaction the concrete proposals put forward by the ad hoc Working Group recommending the reduction of the statistical base period to three years, with possible annual recalculation to better reflect current capacity to pay. He regretted that the Committee on Contributions had so far failed to give the report detailed consideration. He hoped that the report that the Committee had promised to submit before the end of the fiftieth session would take into account the ad hoc Working Group's proposals and the observations of the high-level Working Group on the financial situation of the United Nations.

56. The apportionment of expenses for peace-keeping should be based on the regular budget scale, although the contribution of permanent members of the Security Council should remain significantly larger than their contribution to the regular budget. The surcharge raised thereby should continue to benefit economically less developed Member States, in particular the least developed countries. The Australian, Canadian and New Zealand delegations agreed that the current scale was inequitable and that a number of countries should contribute more to the financing of peace-keeping operations. However, they could not accept a unilateral decision by one Member State to reduce its assessed contribution. Apart from the legal and financial ramifications, it might encourage other Member States to attempt to abrogate their Charter obligations. The only valid rates of assessment were those adopted by the General Assembly. Balanced and realistic scales of assessment should be devised through negotiations among all Member States in a spirit of consensus.

57. Mr. GANGAN (Philippines), speaking on behalf of the Group of 77 and China, said he wished to reiterate that the principle of capacity to pay remained the fundamental basis for determining the scale of assessments, and recalled that the scale adopted by the General Assembly in resolution 49/19 B for the period 1995-1997 was the result of consensus. It remained valid, and States Members were therefore required to meet their obligations so long as there was no mutual agreement to review the consensus.

58. The Group of 77 and China believed the decision of the Committee on Contributions to continue the thorough review of the scale methodology pursuant to General Assembly resolution 48/223 C was sensible.

59. The Group of 77 and China noted that the economic parameters which determined shares in the funding of the United Nations had evolved progressively and had been adopted by consensus. They stressed that the scale should continue to take into consideration the special circumstances of developing countries and urged that those should be borne in mind They were prepared to work with others in an effort to improve the scale methodology, it being understood that the agreed principles and procedures should be the basis of discussions and that the mandates of the relevant bodies should be taken into account.

60. With regard to peace-keeping operations, the Group of 77 and China stressed the importance they attached to the principles regularly reaffirmed by the General Assembly: the peace-keeping scale should reflect the special responsibilities of the States permanent members of the Security Council, as well as the relative ability of countries to contribute. A different procedure was required from the one applied to meet the expenditures of the regular budget.

61. Despite the perceived notion of some, a revision of the scale of assessments would not be enough to remedy the financial situation of the United Nations. The only solution to the perennial problem of cash availability was for Member States to pay their contributions promptly, in full and unconditionally.

62. Mr. HUDYMA (Ukraine) said there was an urgent need to review the scale methodology, drawing on the suggestions and recommendations of the Working Group (A/49/897). It was a question of the financial viability of the United Nations. Despite some improvements, the existing scale of assessments for the year 1995 to 1997 still contained serious anomalies. Many Member States had to bear rates of assessment which exceeded by several times their capacity to pay and prevented them from fulfilling their financial obligations in full and on time. Nearly one quarter of the total outstanding contributions were owed by States Members whose assessments were too high.

63. As a staunch supporter of the United Nations, Ukraine had always contributed to its financing. Since gaining its independence, it had already contributed nearly $30 million and was about to contribute a further $10 million, bringing the total paid in 1995 to $15 million. If its contribution to the regular budget and to peace-keeping operations had been assessed in accordance with its ability to pay, the $30 million already paid should have been sufficient for his country not to have had a single dollar of debt to the United Nations.

64. In paragraph 49 of its report, the Working Group had recommended that gross national product should be used as the basis of calculations. Without prejudging the outcome of future discussions on that topic, his delegation believed that, for the reasons given by the Working Group, the proposal deserved careful consideration by the Committee on Contributions. At the same time, it did not appear realistic to take into account general level of development, as measured by socio-economic or human development indicators. With regard to the choice of indicators, it was important for the Committee on Contributions to follow the recommendation in paragraph 51 of the report of the Working Group on data concerning the former centrally planned economies.

65. His delegation supported the recommendation of the Working Group contained in paragraph 76 of the report to shorten the statistical base period to three years, as well as the suggestions put forward in paragraph 77. As the Working Group had recommended, IMF market exchange rates should be used to convert the statistics to a common currency. That method, approved in a number of General Assembly resolutions, should be applied to all Member States. When, exceptionally, price-adjusted rates of exchange were used, it was because the methodology did not permit the scale of assessments to be adjusted to economic

realities rather than because of excessive fluctuations in the rate of exchange. His delegation shared the view expressed by the Working Group in paragraph 85 of its report, and doubted that purchasing power parity, which was an artificial concept, could be used.

66. It was important to continue to study the application of low per capita income adjustment and debt-burden adjustment as well as the possibility of reduction of the minimum level of contribution.

67. Lastly, his delegation emphasized that the residual effects of the scheme of limits should be eliminated as soon as possible, as requested by the General Assembly. That long-awaited measure alone could help to considerably reduce the distortions in the scale of assessments.

68. Mr. YAMAK (Turkey) noted that the current scale methodology had become very complex and must be improved in order to reflect better Member States' capacity to pay. He supported some of the recommendations made by the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897) regarding continuation of the low per capita income adjustment; the proposal that per capita income should be calculated annually and averaged over the base period; adoption of gross national product (GNP) as a measure of income; use of market exchange rates to convert data to a common currency; establishment and maintenance by the Secretariat of a data base suitable for evaluation and simulation of the system and rounding of the scale to at least three decimal places.

69. While pleased that the Working Group had discussed the possibility of using some indicators of national wealth, he said that it would be helpful to that end to consider a recent study by the World Bank on the wealth of its member countries. The analysis of the figures in paragraphs 19 to 22 of document A/49/897 had been quite interesting. He could not agree to the Working Group's recommendation concerning a reduction of the base. In his view a longer period, six years for example, would have the advantage of smoothing out fluctuations in the national economies and providing a more stable scale while the scheme of limits was being phased out.

70. It would be impossible to establish a fair and equitable scale as long as the data used were far from accurate and complete. It was therefore essential to increase the comparability, reliability and transparency of the data in order to reflect more accurately changes in the national economies and Member States' capacity to pay. He pointed out that Turkey's share for the regular budget had increased by more than 40 per cent over the previous scale. He could not accept the Committee's decision to exclude Turkey from the list of countries which, during the phasing out of the scheme of limits, were subject to the 15 per cent limitation provided for in paragraph 2 of General Assembly resolution 48/223 B. In fact Turkey was a developing country which had benefited from the scheme of limits prior to 1992 and which continued to benefit therefrom.

71. Finally, he said that during the present period of financial crisis all Member States should try to pay up their arrears without making payment conditional on a revision of the scale.

72. Mr. NOVRUZOV (Azerbaijan) drew attention to the situation of newly independent countries of the former USSR, particularly his own country which, upon joining the Organization in March 1992, had immediately been assessed at an excessively high rate which did not take into account its capacity to pay. Because of its disastrous financial situation his Government would not be in a position to pay, by 1 January 1996, the approximately US$5 million which it owed to the regular budget. Unless it was recognized that his country's failure to pay was due to circumstances beyond its control, Azerbaijan was in danger of having article 19 of the Charter of the United Nations applied to it and losing its voting rights in the General Assembly. The Committee on Contributions and the General Assembly had indirectly admitted that in 1994, when Azerbaijan's assessment had been subject to a special adjustment.

73. Azerbaijan respected the obligations it had assumed upon joining the Organization. For that reason it appealed to the international community for understanding and proposed that the Committee on Contributions or a special working group established by the General Assembly should work out a scheme which would provide for gradual payment of its debt.

74. Mr. ALOM (Bangladesh) supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China regarding agenda item 120. He reiterated that no linkage could be established between the Organization's cash flow problems and the scale of assessments for the regular budget. As the Secretary-General had said, the United Nations was technically bankrupt and must, as a matter of urgency, be put on a stable financial base. Its financial difficulties stemmed primarily from the failure of certain Member States to pay their contributions in full and on time. Review of the scale would neither add to the Organization's income nor guarantee it the necessary minimum resource base. At the same time, the methodology must be reviewed so as to make it simpler, more credible, more equitable and more transparent; capacity to pay should remain the fundamental principle.

75. Turning to the report of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897), he pointed out that while national income or net national product was the most appropriate indicator for establishing the scale, certain factors such as per capita income, seriousness of external debt burden, particularly in the case of the least developed countries and availability of foreign exchange played a vital role in evaluating capacity to pay. The current base period of 7.5 years made it possible to guard against excessive variations.

76. The low per capita income allowance must be maintained. As to exchange rates, the Ad Hoc Working Group had rightly pointed out that fluctuations and distortions in exchange rates could be a much greater source of variation and of error than income data. Market exchange rates were the only reliable conversion rates.

77. He pointed out that because of the deterioration in their socio-economic conditions, it was imperative that the 48 least developed countries should continue to benefit from the floor rate. In his view, the existing methodology was the best one devised thus far and although it could still be improved on in pursuance of General Assembly resolution 46/221 B such improvement should not be

at the expense of stability of the scale. Finally, he noted that the Committee on Contributions had decided (A/50/11, para. 8) to devote two sessions to a comprehensive review of the methodology so as to be able to reflect more carefully on the various issues before it.

78. Mr. SURIE (India) pointed out, on the occasion of the fiftieth anniversary of the United Nations, that the latter's many successes were attributable above all to the collective will demonstrated by its Member States and that, to a large extent, the Organization had been able to execute the mandated programmes and activities because it had had the necessary financial resources. It was unfortunate that, because of the financial crisis, India, one of the largest troop contributors in the peace-keeping operations, was being denied the reimbursement that it was due.

79. He pointed out that although a high-level open-ended working group had been established to examine the financial situation, unless Member States paid their contributions in full and on time and unless those which had not done so undertook to pay their outstanding arrears on the basis of a time schedule which would enable the Organization to engage in financial planning, the Organization would continue to remain financially strapped for cash. In that context, he welcomed the commitment undertaken by the Deputy Finance Minister of the Russian Federation and hoped that other countries with major arrears would follow suit.

80. He took note of the recommendations made by the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897) and the comments of the Committee on Contributions (A/50/11), specifically regarding the relative advantages of shifting over from Gross Domestic Product to Gross National Product and shortening the base period. Those issues should be considered further. He recalled that, in 1946, the General Assembly had observed that it was difficult to measure capacity to pay merely by statistical means and impossible to arrive at any definite formula; in his view that observation continued to be valid. Statistics about a country's national income did not by themselves represent an accurate portrayal of a country's capacity to pay. Other factors were just as important.

81. It was important to maintain the debt-burden adjustment and the low per capita income adjustment formula. Far from causing distortions, the latter formula permitted a more precise calculation of capacity to pay and was an integral component of the scale methodology. His delegation was sensitive to the concerns expressed by the Committee on Contributions concerning the consequences of the application of the floor rate for many small countries and it was willing to seek a more equitable solution. As far as the scheme of limits was concerned, it hoped that that issue would be considered by the High-level Open-ended Working Group on the Financial Situation of the Organization. Lastly, it agreed with the majority of delegations that it was premature to consider the use of purchasing power parity.

82. Mr. PANTIRU (Republic of Moldova) supported the principle whereby every Member State should pay its contributions in full and on time, but emphasized that the Organization's expenses should be distributed equitably among Member States on the basis of capacity to pay. In that connection, the incapacity of the newly independent States which had emerged from the former Union of Soviet

Socialist Republics to discharge their financial obligations was attributable not only to their extremely difficult social and economic situation, but above all to the fact that the rates of assessment recommended by the Committee on Contributions in 1992 were unfair and excessive compared with their real capacity to pay. The Republic of Moldova had thus accumulated such arrears that it risked falling under the effect of Article 19 of the Charter of the United Nations. Other countries were in a similar situation. In the current scale, the assessment rates of certain countries were three times higher than they would have been without the scheme of limits. The decision to reduce the effects of the application of that scheme by 50 per cent, as a first step, had gone some way towards attenuating the problem, but there was still no scale which reflected the real capacity of States to pay. He noted that the Committee on Contributions had been unable to formulate any definite conclusions on many aspects of the methodology.

83. He welcomed the decision of the Committee on Contributions to follow up the recommendations of the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay (A/49/897) on data concerning countries which had formerly had planned economies. He supported the proposal by some members of the Working Group to reduce the base period to three years; that would reflect current data, and therefore real capacity to pay, more accurately. He was in favour of using market exchange rates to convert national income figures into United States dollars and eliminating the scheme of limits as soon as possible. He had been pleased to note that Australia, Canada and New Zealand were proposing the elimination of the floor rate. He hoped that the decisions to be taken by the Fifth Committee would result in a more equitable scale of assessments which would help to resolve the financial crisis of the United Nations.

84. Mr. SULAIMAN (Syrian Arab Republic) supported the statement made by the representative of the Philippines on behalf of the Group of 77 and China on agenda item 120.

85. In 1994, when the Committee on Contributions had decided to increase the assessment of the Syrian Arab Republic, his country had reminded it that it should base the scale of assessments on two fundamental criteria: capacity to pay and the economic situation of developing countries. His delegation believed that the particular situation of countries subject to foreign occupation should also be taken into account. That was the case of the Syrian Arab Republic, which suffered from the Israeli occupation of the Syrian Arab Golan. Indeed, that region's contribution to the gross national product had been considerable and the exodus of its inhabitants to other parts of the country had placed a heavy burden on the economy. His delegation asked the Committee on Contributions to take that factor into account at its next session.

86. The Syrian Arab Republic, which was very committed to the principle of the collective financial responsibility of Member States set out in Article 17 of the Charter, was aware of the gravity of the financial crisis, but believed that an increase in the rates of assessment of developing countries was not the solution. It was, above all, important that Member States, including the major contributors, should assume their financial obligations and pay their arrears. The allocation of resources should also be reviewed.

87. His delegation believed that at the present stage it was preferable for the Committee on Contributions to adhere to the scale of assessments set out in its report (A/50/11), since in the short term a modification of assessments would have no impact on the financial situation. In the long term, on the other hand, it was essential to draw up a scale which would take account of each Member State's capacity to pay.

88. With regard to the financing of peace-keeping operations, a separate methodology should continue to be applied and the special responsibilities in that regard which fell to States which were permanent members of the Security Council should continue to be taken into account, in accordance with the relevant resolutions of the General Assembly.

89. Mr. BASNET (Nepal) said that his delegation remained firmly committed to the principle of capacity to pay. It associated itself, in general, with the statement of the Group of 77 and would merely like to add a few observations on some elements of the methodology for the consideration of the Committee on Contributions.

90. The base period should be selected in such a way as to absorb economic fluctuations while reflecting the contemporary situation. Debt burden adjustment was an essential element of capacity to pay, particularly for the least developed countries overwhelmed by a debt burden. The low per capita income adjustment formula was another important element without which the scale methodology could not produce an equitable result. His delegation noted that the Committee on Contributions had recognized the importance of that element. It had also acknowledged that the application of the floor rate represented a distortion of the principle of capacity to pay. Only the total abolition of the floor would bring the rates of assessment of the small countries down to a level compatible with their capacity to pay.

91. The improvement of the scale would not, however, be sufficient to restore the financial situation of the United Nations. It was because of the non-payment by Member States of their assessed contributions that the United Nations had been brought to the brink of insolvency. His delegation noted that, paradoxically, the majority of the approximately 70 Member States which had paid their contributions for 1995 in full were developing countries, as were most of the troop-contributing countries, to which the United Nations owed considerable sums. It urged Member States which were in arrears to honour their obligations under the Charter and invited the Secretary-General to do everything in his power to reimburse to troop-contributing countries the amounts owed to them.

The meeting rose at 1.05 p.m.